

CITY OF TAKOMA PARK, MARYLAND
(Adopted 3/28/05)

**PRESENTATION, PUBLIC HEARING, REGULAR MEETING & WORKSESSION
OF THE CITY COUNCIL**

Monday, June 7, 2004

Closed Session 6/1/04 - Moved by Elrich, seconded by Mizeur. The Council voted to convene in Closed Session at 11:02 p.m. in the Conference Room of the Municipal Building to obtain legal advice related to the proposed Washington Adventist Hospital expansion. VOTING FOR: Porter, Barry, Elrich, Mizeur, Seamens, Williams; ABSENT: Austin-Lane. OFFICIALS PRESENT: Porter, Barry, Elrich, Mizeur, Seamens, Williams. ALSO PRESENT: City Clerk / Treasurer Waters, Community and Government Liaison Ludlow, Assistant City Attorney Perlman, Attorney William Chen. The Council received a legal briefing concerning the Washington Adventist Hospital expansion. (Authority: Annotated Code of Maryland, State Government Article, Section 10-508(a)(7)).

OFFICIALS PRESENT:

Mayor Porter	City Manager Finn
Councilmember Austin-Lane	City Clerk / Treasurer Waters
Councilmember Barry	Community and Government Liaison Ludlow
Councilmember Elrich	Customer Service Specialist Irma Nalvarte
Councilmember Mizeur	Recreation Director Haiduven
Councilmember Seamens	Police Chief Creamer
Councilmember Williams	Public Works Deputy Director Braithwaite
	Communications Director Moffet
	Communications Assistant Moseley

The Council convened at 7:37 p.m. in the Council Chambers of the Municipal Building, 7500 Maple Avenue, Takoma Park, Maryland.

COUNCIL COMMENTS

Ms. Porter apologized for the appearance of the Council Chambers. There had been water damage due to the roof leaking, causing some damage to the carpet and ceiling tiles. The contractor will cover the clean-up costs.

Ms. Austin-Lane said she was glad to be back from her vacation Italy. Two weeks away helped her to appreciate her life here in Takoma Park.

Mr. Williams thanked those who participated in the Ward 3 Council Walk yesterday. About 40

people participated.

PRESENTATION

1. Resolution recognizing Senator Ida Ruben for her Support of the Community Center.

Ms. Porter commented on Senator Ruben's help in securing State monies for the community center project.

The resolution of recognition was moved by Porter; seconded by Williams.

Ms. Porter expressed her appreciation for all the work done by Senator Ruben, particularly in this difficult year. She noted Peter Franchot and Sheila Hixon in the audience and thanked them for their help. She recognized George Leventhal and Tom Perez. She recognized Judge Ruben who has accompanied Senator Ruben on many of her events. Thanks to all for their help in helping this project come to fruition.

Mr. Williams commented that Senator Ruben always shows up, whether at City events, MML events, or activities at the state level. Her support is very much appreciated.

Ms. Austin-Lane seconded the prior comments. She very much appreciates the assistance of those in the audience. They have really made this a community effort. We could not have done it without your help.

Ms. Mizeur thanked Senator Ruben. She commented on her assistance to this area and her trail-blazing efforts in government to represent female politicians. A resolution of recognition isn't enough. A thank you isn't enough. We appreciate your daily service.

Mr. Seamens expressed his admiration for Senator Ruben, Delegates Franchot and Hixon, in being able to find money at State level in such a difficult year. Thank you very much.

Mr. Barry added his thanks. In not too many months, the hallways built anew will be alive with laughter and learning. It will be a jewel and will serve the community for a long time to come.

Howard Kohn, Chair of Citizens Liaison Committee, seconded all of the applause for those here tonight. He said that he is a person of optimism. He remarked about the change in Governor and the changes in the economy. This year there were bond bills which was the good news; however, there was a line-up of projects competing for the monies. Thanks to Senator Ruben, the City was among the "winners" that received monies.

Wayne Sherwood, Grant Avenue Neighborhood Association, said he has been working on planning for the community center for many years. It has been a harrowing process. He doesn't know how we would have been able to proceed if we had not continued to hear from Senator Ruben and other representatives that there were possibilities for funding. It looks to be a

wonderful project that is moving ahead. Thanks for continuing to be there for us throughout the process.

Resolution #2004-19 was adopted (VOTING FOR: Porter, Austin-Lane, Barry, Mizeur, Seamens, Williams; ABSENT: Elrich).

**RESOLUTION #2004-19
(Attached)**

Ms. Porter made a formal presentation of the resolution with a photo. She presented to Senator Ruben a personalized plaque "Our District 20 Diamond."

Senator Ruben expressed thanks to the Council and others for their kind words and support, although the thanks is shared with her colleagues, Delegates Franchot and Hixon. We worked together as a team to ensure that the entities that have needs are accommodated. She thanked them for their work with her. She thanked all in the audience for their support of the legislative team, including Garreth Murray. We want to show our appreciation by helping you with your needs. The community center will meet the needs of many and will turn out many good youth. She very much anticipates the grand opening as she is excited to see the youth pouring into the building.

Delegate Peter Franchot said he hopes that this is a very expensive evening for the State. He hopes that next year, the three of them can put in at least a \$500,000 request on behalf of the community center. The remaining components of the project are going to need more money. He has learned in Annapolis that if persistent, one can be successful. He remarked about Senator Ruben's work in Annapolis – it is forceful, persistent and professional. He encouraged the Council to "hang in there" in the face of skepticism of the construction schedule.

Delegate Sheila Hixon said Senator Ruben's leadership was very instrumental in getting the funding. One thing about Takoma Park is that no one ever does anything alone. You work as a team. It is recognized statewide. It is an honor to represent the City. We will try to get more money again next year.

County Councilmember George Leventhal said he loves all of our representatives in Annapolis.

Ms. Porter expressed her thanks again. We could not have kept the project moving without money in this and prior years. She asked Mr. Leventhal to pass on to his colleagues at the County Council our appreciation for their support.

FOR THE RECORD

Ms. Porter noted the Mayoral Proclamation recognizing June 6-12, 2004 as Lead Poisoning Prevention Week.

PUBLIC COMMENT PERIOD

Catherine Tunis, Larch Avenue, commented on her concern that Council is considering borrowing money for street rehabilitation. A lot of people testified against borrowing money for this work when it came up a couple of years ago. We have a new City Manager coming in and a new street maintenance program. We should see how those things impact the street rehabilitation. I am concerned about the borrowing and impact on affordability of living in the city.

Robert Lanza, added his concern about the additional borrowing. He asked that the decision about borrowing money be delayed until the new City Manager can evaluate the proposal. The urgency to borrow is being inflated. While the interest rate may go up, it should not be such a large increase so as to eliminate the option if it is still the most viable option. The new manager was hired because of her fiscal management skills.

PRESENTATION

2. Councilmember Williams' Update - Community Center.

Mary Stover from the Takoma Foundation provided a report on the Foundations' fundraising activities. The organization has committed to raising funds for things to furnish the new community center. We have sold 84 bricks (\$9,700) and have received donations of about \$7,100. Mark's Kitchen has been donating a portion of receipts every fourth Monday, which has raised over \$1,000. The Silent Auction in May raised about \$4,200. The VFW has committed \$10,000. On hand and committed are about \$78,000. There is a goal of \$300,000.

Mr. Williams distributed a financial update which includes new Program Open Space monies (\$125,000).

Mr. Finn said we have written verification that this money is available to us. Staff is convinced that the money is there. We have talked to the Program Open Space representatives to ensure that this is an eligible project. It appears that we can add this \$125,000 to the budget.

Mr. Williams said another change is based on our decision not to borrow from the stormwater fund but to instead sell the Piney Branch properties for approximately \$400,000, or more.

PUBLIC HEARING

3. Community Development Block Grant (CDBG) Outreach.

Bruce Baker, Chair of Community Advisory Committee, explained the role of the committee. 15% of funds can be spent on services (\$25,000 in our allocation). That amount in the past has been spent on programs of various types (e.g., ECD programs, CASA de Maryland organizing, Boys & Girls Club, Takoma Park Family Resource Center, CUC for a health care program for

the elderly). 85% was spent on bricks and mortar. We would like to find other opportunities to use the money in the community, especially to target low to middle income residents. The application can be downloaded from the web site.

The Public Hearing was called to order at 8:20 p.m.

Catherine Tunis commented that PEPCO rates will be going up 16% in July. Energy efficiency is going to be a very good investment. She suggested that some of the money be used for energy efficiency measures for low income families. She would be happy to consult with any group that would want to enter into that type of a proposal.

Nellie Moxley, President of the Pinecrest Association, commented that there are a lot things that need to be done to the park in the neighborhood (e.g., fence and mulch). They should put up signage that identifies the parks. These are minor things that would make things possible for Pinecrest to do things in the existing parks. Could this be considered a service since it would help youth and seniors?

Ms. Porter noted that the parks Ms. Moxley referred to are M-NCPPC parks rather than City parks.

Mr. Williams encouraged Ms. Moxley to talk with the committee about her ideas to see if one or two might be massaged into something that would work.

Jennifer Freedman, Development Director, CASA de Maryland, spoke on behalf of Gustavo Torres. He wants to thank the City for the money that it has secured in past for tenant organizing. They did outreach last summer for the home ownership program. They have been doing outreach in the Roanoke area. There is a great need for tenant organizing. He hopes that the Council will consider these projects as future funding priorities. They will be submitting a proposal to the City.

Catherine Tunis added to Ms. Moxley's comments (about Sligo Mill and Poplar Mill properties). She noted her understanding that the property would eventually be considered for City ownership. She remarked about the environmental concerns. She said she recalled some discussions about making the sites more usable as a passive recreational site for the community.

The Public Hearing closed at 8:35 p.m.

REGULAR MEETING

4. 1st Reading Ordinance re: FY05 Storm Water Budget.

Mr. Elrich moved; seconded by Mr. Seamens, to have the Council convene as the Stormwater Management Board. The motion passed unanimously (VOTING FOR: Porter, Barry, Elrich, Mizeur, Seamens, Williams; ABSENT: Austin-Lane).

Motion by Elrich; seconded by Seamens, to Adopt a Stormwater Management Budget for Fiscal Year 05 Beginning July 1, 2004 and Ending June 30, 2005.

Ordinance #2004-13 was accepted unanimously at first reading (VOTING FOR: Porter, Barry, Elrich, Mizeur, Seamens, Williams; ABSENT: Austin-Lane).

ORDINANCE #2004-13
(Attached)

5. 1st Reading Ordinance re: FY05 Tax Rate.

Ms. Porter noted the proposed tax rate remains unchanged from FY04.

Moved by Williams; seconded by Elrich.

Ordinance #2004-13 was accepted unanimously at first reading (VOTING FOR: Porter, Barry, Elrich, Mizeur, Seamens, Williams; ABSENT: Austin-Lane).

ORDINANCE #2004-14
(Attached)

6. 1st Reading Ordinance re: FY05 City Budget.

Ms. Porter explained the proposal. The proposed budget has expenditures/revenues balanced at \$15,383,186.

Moved by Williams; seconded by Elrich.

Mr. Seamens said he wished to have entered into the record: 1) that he never had a printed approved budget for FY04; and 2) that he is concerned about approving this budget without Mr. Finn's presentation on the community center budget.

Mr. Elrich said it is important that we acknowledge that this is not likely to be the final budget for the community center. He said he thinks that the change orders will exceed what is budgeted, along with adding back elements to the project at Council's direction. There will probably be requirements to spend more money and we will have to find more money.

Ms. Mizeur asked if it wouldn't it be more prudent for us to have a contingency/reserve identified. If necessary later, would we be able to cut the budget further to free up more funds for the project.

Mr. Elrich said he did not think we can know what that will be. The only way we could make a significant contingency would be to make large cuts in other areas of the City's budget. He spoke in favor of additional bond monies; costs to be shared by those who will use the building

for years to come. There is the issue of the gym. He noted that he was one of the Councilmembers who was very disappointed that the project went forward without the gym. He still has hope that the center might get some funding for that element.

Ms. Porter said, we can cut and add things to the budget. She noted that there is an unappropriated reserve. When we do the budget, put together the best set of numbers that we can anticipate. At the same time, we know that staff tends to be conservative on revenues and expenditures. It usually happens each year that there is some surplus that carries over. We put together an accurate budget now based on information that we have. Over the course of the year, things will change.

Mr. Seamens said he remains concerned that we do not have a detailed and comprehensive plan for the community center. His concern with the budget is that we know that we are looking at more than just a little increase in the money we need to complete the structure as currently under contract. Probably, it will cost another \$2,000,000 over what we have.

Mr. Elrich said we can't have a comprehensive plan when we do not know how the negotiations over change orders will work out.

Ms. Porter said we should be prudent in what we do, but we do not want to eliminate youth outreach and services to tenants, thinking that we might need the money for the community center. They have real needs, right now.

Mr. Williams said we have tried to provide hard numbers. We know that there are more things out there that will change. He said he did not think it will be on the magnitude of millions, more like hundreds of thousands.

Mr. Elrich said, if we are really talking about \$2 million with the hope of getting it out of current services, we are talking about totally eliminating departments (e.g., two City departments). He is not willing to do that.

Ms. Austin-Lane asked, has Council talked about turning Public Works over to the County?

Ms. Porter replied, that did not come up in the discussions. All that would mean is that residents would have to pay for trash collection out of their pockets.

Ms. Austin-Lane said by scaling back what we are trying to do as a city government and allow the county to provide those services, we would be freeing up tax dollars that we could use in another way.

Ms. Porter clarified, residents would be paying more than they currently are paying for trash collection.

Ms. Austin-Lane said maybe, but the tax rate would not have to remain constant if we were to

explore some of these types of things. We have our hands tied with so many very basic functions. We are no longer able to innovate.

Ms. Porter said, if we take a service that residents pay through existing taxes, and turn it over to the County which will charge a fee for the collection, people would be paying more.

Ms. Austin-Lane commented, our services are no way remarkable compared to the County.

Ms. Porter asked, do you have a proposal to put on the table?

Mr. Elrich said a project for the new City Manager is to take a close look at our public works services and then talk to the County about rebates or the County taking up the service. If we give up public works, residents will not be provided an Arborist or a Gardner. Our goal should be to find out what would be the same and what would be different if were to forego some of the public works services. We got this information far too late to pursue discussions this year with the County. Now, we have another year to move forward with those discussions.

Ms. Porter said she would agree. She recalled her comments during budget worksessions about how to provide services at lower cost to the City.

Mr. Williams said we need to keep in mind that this discussion with the county will have to be in the context of working with the other municipalities.

Mr. Finn agreed. We have been extremely successful with the police rebate because we are the only municipality that negotiates this directly with the County. The County has made it very clear to us that they will not sit down with us separate from the other municipalities to discuss the other rebate structures/formulas. You need to get the other municipalities to the point that they will officially request a re-opening of negotiations. There is a deadline to submit the request for negotiations.

Mr. Williams said we also need to make sure that we do not come up against the March/April “meet and confer” meetings with municipalities and counties. We need to be prepared prior to that time.

Ms. Porter suggested that the Councilmembers bring up this issue and start to educate the other municipalities.

Ms. Mizeur requested a document that analyzes the rebates.

Mr. Finn said we will make a goal to get the “white paper” prepared prior to the MML Convention.

Ms. Porter said there have also been discussions between the City and other municipalities in the county about getting more equitable rebates for things. The County has the impression that we

have had difficulty getting the other municipalities to go along with us as strongly as we would like in order to proceed. We need to get the rest of the municipalities in the county on board.

Ms. Austin-Lane said that over the next six months she would like to see an examination of our public works services and the services provided by the county. She also commented that she is glad that the Council did not fund a loan for the community center project out of the stormwater fund.

Mr. Finn noted that enhancing revenues is a Council goal. We have already started working on different elements of the goals document. That aspect is in our objectives. The additional direction provided tonight will be incorporated.

Mr. Williams said, in the end, we will have to convince our elected colleagues of other municipalities that this is important for them and us to spend the time to put this together.

Ms. Mizeur said she sees two different areas to research: 1) how many municipalities are doing full service government; and 2) which services can we turn over to the county.

Mr. Williams noted that even the small municipalities do the basic public works services.

Nellie Moxley, asked that the Council proceed with this initiative immediately.

Robert Lanza, commented on his concern that Council does not have a handle on the anticipated costs for the community center project.. He noted the comments tonight from the State representatives about any further funding. That should be the target for the contingency. The Council should think about what will happen if they do not get that money. The gym was one of the primary elements of the original center. There will not be a gym unless the Council takes some collective action to make that move forward. Council should plan on budget cuts right now in anticipation of additional expenses. The negotiations with the County should be done post haste.

Ordinance#2004-14 was adopted unanimously (VOTING FOR: Porter, Austin-Lane, Barry, Elrich, Mizeur, Seamens, Williams).

ORDINANCE #2004-14
(Attached)

7. 1st Reading Ordinance re: Police Pay Plan.

Moved by Elrich; seconded by Austin-Lane.

Mr. Williams referred to the cost index for state and local governments as having gone up 2.1%. The collective bargaining agreements require a minimum increase of 2.5%. With a floor, we have a mixed system. His thought was it had gone in a direction of a market based system. He

was not aware that we had a floor in the agreement.

Mr. Finn said this is the first time that the floor has been used since we first negotiated the pay for performance program (market based). The floor was put in the agreement as a result of bargaining between the City and the Union, in order to get the program in place. The Union was not happy with the proposed program. One of the sticking points was some minimum amount (2.5%). Also, it should be noted that every couple of years we are required to do a market survey. Based on that, we then correct the pay line. Currently, it is in the agreement and we have to follow that approach.

Mr. Williams said, he would like us to think about this so that as we go to the next bargaining cycle we might want to provide direction to staff on this point. He said he does not like being put in this situation.

Ms. Porter commented on the market survey and its impact on the pay scale. We are now at an abnormally low inflation rate. It is very likely that the situation will go away.

Ms. Austin-Lane asked if we can adjust down actual salaries?

Mr. Finn said this could not be done with salary ranges, but we could increase them at a slower rate. We cannot afford to do a detailed market analysis each year. We use the services of Slavin & Associates because they set up the system. The system was created to correct the previous pay scales.

Ms. Austin-Lane commented that it is her understanding that we never make up for having overpaid salaries.

Mr. Williams said he does not want to get bogged down in the details. The general point is valid. Council might just think about the direction that we want to give to staff in terms of points for negotiation.

Mr. Finn clarified, the increases are not based on inflation. We look at what our jobs are paying against those in similar municipalities. It is a job pay index. In this area, the cost of labor is higher. The 2.5% floor applies to the interim years. The pay index can be adjusted every third year based on the market study. It could go down.

Ms. Porter commented that the reason we got into this in the first place is because we did not feel that we were offering competitive pay to police officers.

Ordinance #2004-15 was accepted unanimously (VOTING FOR: Porter, Austin-Lane, Barry, Elrich, Mizeur, Seamens, Williams).

ORDINANCE #2004-15
(Attached)

8. 1st Reading Ordinance re: AFSCME Employee Pay Plan.

Moved by Elrich; seconded by Austin-Lane.

Ordinance#2004-16 was adopted unanimously (VOTING FOR: Porter, Austin-Lane, Barry, Elrich, Mizeur, Seamens, Williams).

**ORDINANCE #2004-16
(Attached)**

9. 1st Reading Ordinance re: Management and Non-Union Staff Pay Plan.

Moved by Austin-Lane; seconded by Williams.

Ms. Mizeur asked if staff who are negotiating with the unions are getting the same benefits as those covered by the agreement? It sounds odd that benefits are automatically transferred to non-union staff.

Mr. Elrich clarified that these employees cannot negotiate as a collective body because of the way their jobs are defined (supervisory responsibility).

Mr. Finn added, most of management staff is not eligible for overtime. There are trade-offs. We have had police sergeants who do not seek promotion to lieutenant because they will take a cut in pay by no longer being eligible for overtime.

Mr. Elrich said, when we get into negotiations, the Council provides direction to staff in the process.

Ms. Porter said, a lot of the big cost items are not things covered by the contracts. Health insurance costs are something, for example, that we do not control.

Ordinance #2004-17 was adopted unanimously (VOTING FOR: Porter, Austin-Lane, Barry, Elrich, Mizeur, Seamens, Williams).

**ORDINANCE #2004-17
(Attached)**

10. 1st Reading Ordinance re: Part-Time and Seasonal Staff Pay Plan.

Moved by Williams; seconded by Barry.

Ordinance #2004-18 was adopted unanimously (VOTING FOR: Porter, Austin-Lane, Barry, Elrich, Mizeur, Seamens, Williams).

ORDINANCE #2004-18
(Attached)

11. 2nd Reading Ordinance re: FY04 Budget Amendment.

Ms. Porter noted that the ordinance has not changed since first reading.

Ms. Waters explained that there will be a final FY04 budget amendment to address final community center-related appropriations and monies for the City Manager search process.

Moved by Elrich; seconded by Barry.

Ordinance #2004-19 was adopted unanimously (VOTING FOR: Porter, Austin-Lane, Barry, Elrich, Mizeur, Seamens, Williams).

ORDINANCE #2004-19
(Attached)

12. Single Reading Ordinance re: Police Vehicles.

Chief Creamer commented on the proposed purchase of smaller vehicles for the CID Unit. The larger vehicles they are currently using will be transitioned to the Patrol Division. The off-the-lot standard Taurus will suffice for the needs of CID. It results in an overall savings in purchase price and gas mileage.

Ms. Porter said she assumes that the Crown Victorias have poor gas mileage because of the weight of the police package and the vehicle's body. She agrees that CID does not need this type of vehicle since they do not use their vehicles for pursuit. She thanked Chief Creamer for her recommendation.

Ms. Austin-Lane agreed. She said, however, that she would like to hear about gas mileage for hybrids. She would love to see what a four car purchase of hybrid vehicles would look like as compared to the proposed Taurus purchase.

Chief Creamer said that the hybrids were more expensive. The hybrid has not reached a size yet that meets our needs in the Police Department.

After additional discussion, there was Council consensus to direct staff to look again to see if hybrid vehicles could be purchased instead.

BREAK

The Council recessed for a scheduled break at 10:00 p.m. and reconvened in Worksession.

WORKSESSION

13. Facade Advisory Board Ordinance Revisions.

Lorraine Pearsall, representing Historic Takoma, Inc., commented that it is their request that the term limit be eliminated for the Historic Takoma representative on the Facade Advisory Board.

After Council discussion, there was consensus to proceed with an ordinance that would eliminate the term limit for the Historic Takoma representative.

14. Citizen Survey Contract.

City resident Andy Kelemen, and Community and Government Liaison Suzanne Ludlow were present for the discussion.

Ms. Ludlow explained the purpose of the contract and objectives of the survey. The RFP was issued in early May. Four proposals were received. She commented on the background and other clients (Rockville, ICMA) of National Research Center, Inc. (NRC). She had originally set aside \$10,000 in City Priorities money for a basic survey. She commented on the targeted community and the desired style and type of survey. The cost for this type of survey runs about \$40,000. As we looked at surveys and compared the results, we felt it was important to have a good baseline survey. One cannot do that with only \$10,000. We do have \$25,000 that we will not be spending in the current year budget for the Main Street Program. We have an agreement with OTBA to match their contribution for the next three years. Since they just got themselves to the point of organizing for the program, it makes sense that we wait until July (FY05). We would then need to approve an additional City contribution of \$25,000 in FY07.

Andy Kelemen commented on research he had done about having a survey done for the City. Since this is the first survey, it is essential that it set a baseline so that future surveys can be evaluated to judge progress. It should also have some ward-specific questions. Unless we decide to do it right, we should not do it. He agreed with the staff evaluation of the bids. NRC seemed to be more reasonably priced.

Ms. Porter asked how would we decide on the content of the survey and ensure that results are representative of the entire city.

Ms. Ludlow said that NRC has a good reputation for working with residents and staff in the development of the survey. We would have a committee that works with the vendor. We would have conversations with Council about an agreed-upon list of questions and the process. The vendor would send out a postcard in advance of the survey. The survey would then go out. It is important for the City to do some community outreach, conveying the importance of responses and the purpose of the survey. We would want to elicit responses from the rental population and single-family home owners.

Council discussed a variety of issues: ward representation, lengthy responses to open ended questions, Spanish translation of the survey, how to reach those who may have literacy issues, outreach to the community to increase the response rate.

Ms. Ludlow indicated that we should think of this as a periodic survey. It is being proposed this year to assist in framing the COP program. We are also at point of a new City Manager coming on board. It would be interesting to gauge responses today and then repeat the survey in a few years to measure the changes.

There was Council consensus to proceed with the survey. An ordinance awarding the contract is to be scheduled for next week.

15. Street Rehabilitation Loan.

Mr. Finn reported that after last week's discussion he contacted the bank to get information about the loan terms. We were informed that the rates were already going up. The bank representative said that if the Council were interested in proceeding rather quickly, he could hold a 3.2% interest rate. The numbers do not change that significantly from 2.6% to 3.2%. There will be an additional \$6,000 per year in interest.

Ms. Braithwaite explained the spreadsheets she prepared with the new interest rate, and based on a 3% construction cost increase and a 5% construction cost increase. Scenarios run much like they did before. She has gone back and confirmed that all streets are accounted for in each scenario. She provided an overview of the scenarios. She noted we can get through the streets quickest in Scenario #2 which is the \$2,005,000 in either the 3% or 5% construction cost increases.

Mr. Williams commented on the increases in the scenarios.

Ms. Braithwaite said, the interest change will only show up in the loan payment. The change in the expenditures is a result of discovering some missing block portions.

Mr. Elrich said he cannot tell the Council that he has any additional information in response to his comments raised last week since was not able to meet with staff.

Ms. Braithwaite said she only got information finalized today. She did not want to present incomplete/incorrect information.

Mr. Elrich said he would still like to have a conversation with Ms. Braithwaite and the consultant. Staff should shop this loan with other institutions.

Mr. Finn said they will do that. The bank has advised that the Council should act as quickly as next week.

Mr. Seamens said he continues to be disgusted with being presented information on the same evening as being asked to make a decision. He commented on Alan Greenspan's announcements about increasing interest rates. He does not see how he can act on this decision tonight. He had wanted to hear what Barbara Matthews (the new City Manager) thought about borrowing money for road maintenance. It appears that banks have already increased interest rates based on the expectation of the Fed raising the rate at the end of the quarter. As to the inflation calculated into the scenarios, he thinks that the 5% inflation exceeds anything we have had in the last 10 years. A 2.5% inflation rate might be more realistic.

Mr. Finn said the direction was given to staff last Tuesday evening to explore the loan option. The Treasurer contacted the bank (SunTrust) the next day. A revised payment schedule was provided by the bank on Thursday. Then he met with Ms. Braithwaite about the new figures, and she began work on the revised scenarios. About half of the work was completed by Friday. She worked over the weekend and was today completing the revisions. Mr. Finn suggested that if any blame be placed, it should be directed at him. Staff responded as quickly as possible, and the information has been provided to the Council.

Mr. Elrich said he wonders how inflation rates compare to construction inflation costs.

Mr. Seamens said he thinks it might be interesting to look at the trend of construction costs.

Ms. Porter said we were going to look at the history of rate increases for City contracts and contractors but doubts that staff has had time to pull that history.

Ms. Braithwaite said no, she has not had an opportunity.

Ms. Porter said she appreciates the work done by Mr. Finn and Ms. Braithwaite. She asked that they meet with Councilmember Elrich to address his concerns.

Ms. Mizeur asked that Council delay their final decision until after her neighborhood meeting scheduled for Wednesday, June 16.

Ms. Porter said she would like to continue the discussion next week with no final vote. She will schedule another worksession discussion for June 14. She would like to make a decision before end of June. She appreciates staff efforts to turn this around fairly quickly given that this is a detailed analysis. She understands the concerns that have been expressed.

Mr. Williams commented that Council should keep in mind how the interest rate and inflation are interconnected. Raising interest rates helps to hold down inflation. He thanked staff for the information they have provided.

ADJOURNMENT

The Council adjourned for the evening at 11:10 p.m.